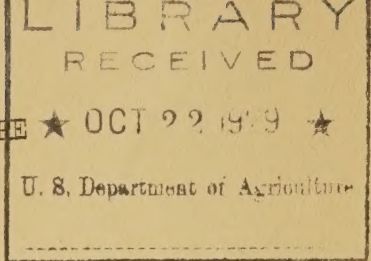


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Ex 454

UNITED STATES DEPARTMENT OF AGRICULTURE
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A Summary of the Exhibit..

What Standardization Means.

The importance of standardization and the relation of grading according to the income of farmers is shown by an exhibit with special reference to cream grading. The price of butter varies in the market according to variations in the score. High quality butter has brought a relatively higher price, and per capita consumption has increased. A system of grading on the basis of recognized standards results in the following benefits:

1. Production of a better quality of cream is encouraged.
2. The producers of better quality cream are rewarded for their efforts.
3. A larger percentage of good quality butter is produced.
4. The consumption of butter is increased.
5. The entire industry is benefited.

The exhibit shows that during the ten years, 1917 to 1927, the production of 92-score butter increased 20%, and the per capita consumption increased 24%.

Importance of market price quotations of butter to the dairyman is shown by the following facts:

Returns from Minnesota creameries are based on the price of 92-score butter in New York.

Many dairymen in the West and Southwest are paid for butterfat on the basis of 90-score butter at Chicago.

The basis for the price paid for surplus milk in New England is the average wholesale price of butter in Boston.

A common basis for butterfat prices in the Southern States is the price of 90-score butter in Philadelphia.

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A Summary of the Exhibit.

Cooperation among Dairymen.

The growth of the cooperative movement among dairymen, particularly in the distribution of milk and in the operation of creameries, has been successful for many years. There are now more than 600,000 dairy farmers as members of about 2,500 cooperative associations, the business of which is estimated to amount to \$640,000,000 worth of dairy products last year. Cooperative organizations handling dairy products sell about one-third of all the butter produced in the United States, one-third of the cheese, and two-fifths of the fluid milk sold in cities and towns. The total cash income to farmers from a production of milk is estimated to amount to \$1,500,000,000, which is a total exceeding the value of the hog crop and beef cattle production of the country. It is more than the total value of the cotton crop in most years and twice as much as the value of the wheat crop.

This exhibit unit includes the mechanical feature to portray the advantages of cooperation which result from united action. Four figures of dairymen are shown in the circle, each striking a platform after the order of a strength tester such as is often seen in street carnivals. When each figure strikes separately little effect on the indicator is shown but when all strike together the indicator flies up the scale and rings the bell. This illustrates the situation among dairymen as well as others who practice agricultural cooperation. The first essential of successful cooperation is a sufficient volume of business for the organization. Then there must be good management, strict attention to the grading of the product, sound financial policy, and a loyal membership.

An up-to-date review of the situation on cooperative marketing of dairy products is contained in Circular No. 94 just issued by the United States Department of Agriculture entitled "Farmers Cooperative Associations in the United States, 1929". This review was written by C. L. Christensen, formerly head of the Division of Cooperative Marketing and now Secretary of the Federal Farm Board.

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A Summary of the Exhibit.

The Dairy Situation.

The rapid development and important changes in the dairy industry make it important that dairy farmers study these trends carefully. This exhibit presents the distribution of the nation's milk supply, which at the present time, is divided about as follows:

Fluid milk requires 48% of the milk production,
Butter utilizes 36%,
Cheese, 3.5%,
Condensed and evaporated milk, 3.5%,
Other uses and consumption of milk on the farm and
for feeding make up the remainder.

This shows the predominant place of fluid milk distribution in the dairy industry. It also shows why the price of butter is a factor of such great importance. Therefore, the changes and conditions affecting the fluid milk supply and the market for butter are of greatest importance to the dairy farmer.

From a broader point of view, the factors affecting the prices of dairy products may be enumerated under eight heads as follows:

1. Number of cows and heifers on farms.
2. Cost of feeds.
3. Relative profitableness of beef production.
4. Prices of substitute commodities.
5. Accumulation of stocks of dairy products.
6. Quantity of supply.
7. Exports and imports.
8. Variations in demand.

It will be noted that foreign trade in the form of imports and exports is not of primary importance, though it must be considered in the case of butter. The imports of milk are equivalent only to the supply necessary for two days out of the year, the domestic supply being equal to our needs with this exception. The supply of dairy products is quite closely balanced with the demand.

